



Walker & Associates

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April 30, 2004

Board of Fire Commissioners
Sierra Forest Fire Protection District
Washoe County
P.O. Box 11130
Reno, Nevada 89520

Dear Commissioners:

Walker & Associates was engaged by the Sierra Forest Fire Protection District (SFFPD) to perform a Study of Alternative Service Levels in Washoe County. Included herein is the completion of Phase 2 of that study including recommendations on the preferred alternative for District service levels.

According to the Board of Fire Commissioner's general direction, Phase 2 included a review of the levels of fire service provided throughout the Washoe County portion of the District, including those services provided by and to the City of Reno and Truckee Meadows Fire Protection District (TMFPD) to determine whether there are more appropriate alternative levels of fire service. Twelve alternatives were reviewed and analyzed. Phase 2 also included the exploration of the options for SFFPD and the City of Reno to jointly share in the costs of the Verdi fire station due to recent City annexations and growth.

Over the past several months, a team of professionals consisting of representatives from the Sierra Forest Fire Protection District, Nevada Division of Forestry, City of Reno Fire Department, Washoe County, Volunteer Fire Chiefs, federal agencies, firefighter unions and Walker & Associates have met to compile data and review various service level options. There has been a tremendous amount of time and effort given to this Study by each representative. Without their assistance and expertise, this Study could not have been completed.

Some of the highlights of the past several months' activities are as follows:

1) Public Information Program. According to the Board of Fire Commissioners' direction, presentations regarding the service level alternatives were made to the Verdi, Galena, South Truckee Meadows, and Washoe Valley Citizen Advisory Boards in addition to presentations to the Washoe County Volunteer Fire Chiefs' Association. Two presentations were made to each Advisory Board and Association, one on the original alternatives and a second presentation on the three preferred alternatives.

Please see Attachment 1, "Phase 2 Timelines" which outlines the public information program and study timelines.

2) Call Volume Data was Collected and Analyzed. During the past several months, a great deal of information has been collected and analyzed regarding call volume data by number of calls and level of response (number of units responding) throughout the Washoe County SFFPD. The data includes those calls provided by and to the City of Reno and the Truckee Meadows Fire Protection District. A summary of the agreed upon call volume data is provided in Attachment 2. This data was collected for calendar year 2002 with an update of Verdi call volume for calendar year 2003. Please see Attachment 2, "Summary of Agreed Upon Call Volume Data."

3) Cost Sharing of Verdi Station 5 with the City of Reno. The study team has also been meeting over the past few months to review various alternatives for SFFPD and the City of Reno to jointly share in the costs of Verdi Station 5 due to recent City annexations and growth in Verdi. The goal was to insure a proper methodology in allocating the costs of the Verdi fire station between the City of Reno and SFFPD which would reflect current and future demands on service. The four alternative methodologies are detailed in Attachment 3 and are summarized as follows:

1. **Tax Collection Method.** This method proposes for SFFPD to pay the City of Reno the amount of tax revenue generated by the District at Verdi in exchange for the City assuming the District's EMS and structural fire service remaining in Verdi. Wildland fire service would remain with the Nevada Division of Forestry.
2. **Call Volume Method.** This method proposes for SFFPD and the City of Reno to share in the cost of the Verdi fire station based upon each entity's proportionate share of the station's call volume for EMS and structural fires for District calls and California calls. Wildland fire service would remain with the Nevada Division of Forestry.
3. **Assessed Valuation Method.** This method proposes for SFFPD and the City of Reno to share in the cost of the Verdi fire station based upon each entity's proportionate share of real property assessed value of the area of first response at Verdi. Wildland fire service would remain with the Nevada Division of Forestry.
4. **50% Call Volume / 50% Assessed Valuation Method.** This method proposes for SFFPD and the City of Reno to share in the cost of the Verdi fire station based 50% upon the proportionate share of Station 5 call volume and 50% based on the proportionate share of the real property assessed value of the area of first response at Verdi. Wildland fire service would remain with the Nevada Division of Forestry.

Of the four methods analyzed and discussed, Alternative 4, the 50% Call Volume / 50% Assessed Valuation method, was chosen by the study team to be the best alternative to reflect the growing and changing fire service demands at Verdi. Under this method, before annexation of the Verdi area of Sphere of Influence, SFFPD would pay 64.46% of the cost of the Verdi Station or \$978,061 while the City of Reno would pay 35.54% of the cost of the Verdi Station or \$539,171 for a total cost of \$1,517,232.

This method would also reflect future changing demands for service. For example, an analysis was done of the Verdi areas of the Sphere of Influence. Using 2003 call volume and assessed value information, it is estimated after the City annexes the Verdi area of the Sphere of Influence, SFFPD's proportionate share of the cost of the Verdi station would decrease to 50.16% or \$761,104 while the City of Reno's proportionate share of the cost of the Verdi station would increase to 49.84% or \$756,128 for a total cost of \$1,517,232.

Therefore, Alternative 4, the 50% call volume / 50% assessed value alternative, provides a method whereby a fair and equitable allocation of the costs of the Verdi station is responsive to the current and growing future demands for fire service at Verdi.

4) Preferred Alternative: Alternative 7 Contract for Service Between the Sierra Forest Fire Protection District and Truckee Meadows Fire Protection District with SFFPD Retaining Wildland Fire Service and Cost Sharing Verdi Station Model.

The staffs of the Nevada Division of Forestry, Sierra Forest Fire Protection District, City of Reno, Washoe County and Walker & Associates recommend the implementation of Alternative 7 as the preferred alternative for the operational consolidation of EMS and structural fire service provided by SFFPD and TMFPD.

This Model anticipates going back to the original intent of the establishment of the Sierra Forest Fire Protection District which was to provide watershed and wildland fire protection along the wildland urban interface of the Western Sierras. Since the District's establishment, the area within the District's boundaries became more populated and urbanized requiring a greater level of service than originally intended. To meet this demand, the District's level of service evolved from a wildland fire and watershed protection service to include emergency medical and structural fire suppression services.

While this Model includes retaining wildland fire service with SFFPD, the emergency medical and structural fire prevention and suppression services would be transferred to TMFPD through a contract for service. A similar model has been implemented with local fire departments in Douglas County and Storey County.

It is important to note that according to the Interlocal Agreement for Fire Service and Consolidation between the City of Reno and Truckee Meadows Fire Protection District, the City provides the fire services to the TMFPD. Therefore, if the TMFPD were to contract to provide services to the SFFPD, the SFFPD would be serviced by the City of Reno/TMFPD Consolidated Fire Department for emergency medical and structural fire suppression services.

This Model assumes the sharing of costs of the Verdi fire station between the City of Reno and SFFPD in proportion to each entity's call volume and assessed value of the first area of response in Verdi. It also assumes the District adding seasonal wildland fire crews. Under this Alternative, the overall volunteer program will not change since the current contracts with the volunteers will remain in effect and will be honored by the City of Reno, however, adjustments to current VFD operations and administration may be necessary due to the differences in operations of the respective host agencies.

While the contract for service is being proposed for the immediate future, it is recommended the long-term permanent merging of the two districts be accomplished through the TMFPD annexation of the SFFPD-Washoe County portion for structural fire and EMS services. Because the consolidation of two local governments also means the merging of the tax rates which, in this case, would increase SFFPD's tax rate while decreasing TMFPD's tax rate, it is recommended an annexation not take place until the TMFPD's tax rate can overtime through the anticipated increased growth in assessed valuation be decreased by its current 47.18 cents to the SFFPD's 42 cents per \$100 of assessed valuation. It is estimated an equalization of the tax rates would take several years. This long-term method of implementation will eliminate the potential increase in tax rates an annexation could cause initially.

It is important to note that a future annexation of SFFPD by the TMFPD would require legislative action to accomplish. By law, there are only two ways for TMFPD to annex portions or all of the SFFPD as follows:

- 1) Property owners petition out of the SFFPD and the State Forester agrees; or
- 2) Through developer agreement prior to development with the State Forester's agreement.

It is the opinion of the Washoe County District Attorney's Office that legislation will be required to implement a future permanent annexation of the Sierra Forest Fire Protection District's EMS and structural fire services and the locally controlled and operated Truckee Meadows Fire Protection District.

The advantages and disadvantages of Alternative 7 are summarized below.

Advantages:

- 1) Combines the operations of EMS and structural fire services of two smaller entities into one larger entity which pools the risks and provides for larger combined fund balances and contingency funds to pay for the costs of providing fire services.
- 2) Most financially sound option of the six options which retain State emergency funds for wildland fire suppression.
- 3) Eliminates the financial and service level inequities between the entities through the sharing of the cost of the Verdi fire station between the City of Reno and SFFPD. This cost sharing will save the taxpayers of both entities several hundreds of thousands of dollars of operational costs each year. For example, it is anticipated SFFPD would pay approximately 50% of the cost of the Verdi station after the City of Reno annexation of the Verdi area of the Sphere of Influence. Using FY 2005 costs, this will save the District approximately \$340,000 in one year alone. As the City of Reno grows in the Verdi area, the District's share of the costs will decline reflecting additional future savings for the District. Conversely, without this agreement, the City of Reno would have to fully pay for one Reno station in Verdi, instead of sharing the costs of the station with the District. With this agreement, the City of Reno would save the amount of funding the District would pay for the station which would equate to approximately \$760,000 per year after annexation of the Verdi area of the Sphere of Influence based upon Reno's call volume and assessed value of area of service.
- 4) Increases the level of EMS and structural fire service through consolidation of already existing fire department operations by decreasing response times through dispatch efficiencies and reduction of duplication of resources on incidents. For example, Truckee Meadows Fire District experienced a 27% decrease in response times due to the consolidation with the Reno Fire Department.
- 5) Retains the State of Nevada's Emergency Funds for wildland fires.
- 6) State retains responsibility of wildland fire service on State and private lands.
- 7) City of Reno annexation neutral for services and funding. If City annexations occur within the District, there would be no change in fire service providers or decrease in funding through the use of the TMFPD-Reno contract for services which would hold both Districts harmless for the loss of tax revenues when City annexations occur.
- 8) Furtheres the Board of County Commissioner's goals of regional consolidation of local government services.
- 9) Increases the number of seasonal wildland fire crews.
- 10) Streamlines the current administrative inefficiencies of a bifurcated state-county administrative system.
- 11) Does not add another layer of local government administration.
- 12) Increases local accountability.
- 13) Increases the levels of fire service while not increasing the taxes to the public.

Disadvantages:

- 1) Requires contracts for ownership or use of fire stations and some equipment.
- 2) Requires initial years' contribution by the TMFPD until the SFFPD assessed valuation grows and additional decreases in the cost of the Verdi station are realized through the City growth in Verdi. The first years' contribution by the TMFPD may

approach \$550,000, however, even with the contribution, the TMFPD will still maintain its financial soundness. It should also be recognized the TMFPD's level of service will increase through the implementation of Alternative 7 due to an increased depth of resources and streamlined dispatch process which will provide quicker response times in the SFFPD and TMFPD.

3) Requires legislation to implement the future annexation of 473 properties into a 474 District.

Other Considerations of Alternative 7: While this Alternative would address the current county-state employee wage disparities, it would increase the employee costs.

5) Staffing.

In order to accommodate the cost of increasing the salaries and benefits of the SFFPD's employees to the City of Reno/TMFPD's level of salaries and benefits because of the operational consolidation, the elimination of positions may be required. However, no person loses a job or sees a decrease in salaries or benefits from the potential implementation of Alternative 7. There may be a few employees who may have to be transferred to the City of Reno/TMFPD at a different position from what they held at SFFPD, however, the employees would still see a substantial raise in pay and benefits. This is subject to negotiations between the unions, management and governing bodies if the governing bodies determine to proceed with the implementation of Alternative 7.

6) Timing of Implementation.

While the concurrence of the entities' staffs to select Alternative 7 as the preferred alternative was relatively easy due to its numerous positive attributes, the timing of the implementation has not yet been agreed upon. Therefore, no recommended timing for implementation is provided to you for your consideration at this time without further discussion with the parties during the implementation phase.

7) Summary of Report Recommendations:

1) To implement Alternative 7, Contract for Service Between the Sierra Forest Fire Protection District and Truckee Meadows Fire Protection District with the Sierra Forest Fire Protection District Retaining Wildland Fire Service, with an implementation date to be determined during the implementation phase. Implementation measures would include negotiations of a contract for service between SFFPD and TMFPD, modifications to the current TMFPD-City of Reno Contract for Services, delineation of scope, operations and costs of the wildland fire services to be provided by the SFFPD and the development of an implementation plan which would address employee transfers to the City of Reno, volunteer issues, use of fire stations and equipment and many other areas.

2) To implement through Alternative 7, the Alternative 4 SFFPD-City of Reno cost sharing alternative for the Verdi fire station which is the 50% assessed value / 50% call volume method in order to best allocate fire service costs based upon the current and future demands for fire service at Verdi.

3) To review, in the future, the long-term permanent merging of the TMFPD and SFFPD through the TMFPD annexation of the SFFPD-Washoe County portion for structural fire and EMS services. The decision for the implementation of the annexation should be made at a time in the future when the TMFPD tax rates and SFFPD tax rates are equalized in order to avoid any potential increase in tax rates.

It is further recommended the Sierra Forest Fire Board of Fire Commissioners direct staff to present the findings of this report to the affected Citizen Advisory Boards in May for their final input and to bring that input back to the Board and the Nevada Division of Forestry for their final decision in June.

In conclusion, the Study of Fire Service Alternatives for the Sierra Forest Fire Protection District has been a cooperative effort between all the entities involved and Walker & Associates. Walker & Associates would personally like to thank all the representatives from the Sierra Forest Fire Protection District, Nevada Division of Forestry, City of Reno Fire Department, Washoe County, Volunteer Fire Chiefs, federal agencies and union representatives who provided valuable input and professional expertise during this undertaking. Without their expertise, guidance and effort, this report could not have been completed.

Walker & Associates sincerely appreciates the opportunity to be of service to the District, Board of Fire Commissioners and the community. We hope that the information presented herein provides you with the information needed to make informed decisions regarding future fire service in the Sierra Forest Fire Protection District.

If you have any questions or comments, please do not hesitate to contact me at any time.

Sincerely,

Mary C. Walker, CPA
President, Walker & Associates